

**HOUSE BILL No. 2237**

By Committee on Financial Institutions and Rural Development

2-4

1 AN ACT concerning economic development; relating to *{taxation;}* rural  
2 opportunity zones; extending the time period for eligibility in the loan  
3 repayment program and the income tax credit; ~~defining rural~~  
4 ~~opportunity zone on the basis of population; expanding eligibility for~~  
5 ~~the income tax credit; {relating to the child day care services~~  
6 ~~assistance tax credit; providing a credit for employer payments to an~~  
7 ~~organization providing access to employees for child day care~~  
8 ~~services and expanding eligible taxpayers;}~~ amending ~~K.S.A. 74-~~  
9 ~~50,222, 74-50,223 and 79-32,267~~ {K.S.A. 79-32,190 and K.S.A. 2021  
10 *Supp. 74-50,223 and 79-32,267*} and repealing the existing sections.  
11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 ~~Section 1. K.S.A. 74-50,222 is hereby amended to read as follows:~~  
14 ~~74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-32,267, and~~  
15 ~~amendments thereto:~~

16 ~~(a) "Institution of higher education" means a public or private~~  
17 ~~nonprofit educational institution that meets the requirements of~~  
18 ~~participation in programs under the higher education act of 1965, as~~  
19 ~~amended, 34 C.F.R. § 600;~~

20 ~~(b) "rural opportunity zone" means Allen, Anderson, Barber,~~  
21 ~~Bourbon, Brown, Chase, Chautauqua, Cherokee, Cheyenne, Clark, Clay,~~  
22 ~~Cloud, Coffey, Comanche, Decatur, Doniphan, Edwards, Elk, Ellsworth,~~  
23 ~~Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper,~~  
24 ~~Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, Labette,~~  
25 ~~Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, Mitchell,~~  
26 ~~Montgomery, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne,~~  
27 ~~Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush,~~  
28 ~~Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens,~~  
29 ~~Sumner, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita,~~  
30 ~~Wilson or Woodson counties~~ *a county with a population of 40,000 persons*  
31 *or less;*

32 ~~(c) "secretary" means the secretary of commerce; and~~

33 ~~(d) "student loan" means a federal student loan program supported by~~  
34 ~~the federal government and a nonfederal loan issued by a lender such as a~~

1 ~~bank, savings and loan or credit union to help students and parents pay~~  
2 ~~school expenses for attendance at an institution of higher education.~~

3 ~~Section 1. **Sec. 2.** K.S.A. 74-50,223 is hereby amended to read as~~  
4 ~~follows: 74-50,223. (a) Any county that has been designated a rural~~  
5 ~~opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto,~~  
6 ~~may participate in the program provided in this section by authorizing such~~  
7 ~~participation by the county commission of such county through a duly~~  
8 ~~enacted written resolution. Such county shall provide a certified copy of~~  
9 ~~such resolution to the secretary of commerce on or before January 1, 2012,~~  
10 ~~for calendar year 2012, or on or before January 1 for each calendar year~~  
11 ~~thereafter, in which a county chooses to participate. Such resolution shall~~  
12 ~~obligate the county to participate in the program provided by this section~~  
13 ~~for a period of five years, and shall be irrevocable. Such resolution shall~~  
14 ~~specify the maximum amount of outstanding student loan balance for each~~  
15 ~~resident individual to be repaid as provided in subsection (b), except the~~  
16 ~~maximum amount of such balance shall be \$15,000.~~

17 ~~(b) If a county submits a resolution as provided in subsection (a),~~  
18 ~~under the program provided in this section, subject to subsection (d), the~~  
19 ~~state of Kansas and such county which chooses to participate as provided~~  
20 ~~in subsection (a), shall agree to pay in equal shares the outstanding student~~  
21 ~~loan balance of any resident individual who qualifies to have such~~  
22 ~~individual's student loans repaid under the provisions of subsection (c)~~  
23 ~~over a five-year period, except that the maximum amount of such balance~~  
24 ~~shall be \$15,000. The amount of such repayment shall be equal to 20% of~~  
25 ~~the outstanding student loan balance of the individual in a year over the~~  
26 ~~five-year repayment period. The state of Kansas is not obligated to pay the~~  
27 ~~student loan balance of any resident individual who qualifies pursuant to~~  
28 ~~subsection (c) prior to the county submitting a resolution to the secretary~~  
29 ~~pursuant to subsection (a). Each such county shall certify to the secretary~~  
30 ~~that such county has made the payment required by this subsection.~~

31 ~~(c) A resident individual shall be entitled to have such individual's~~  
32 ~~outstanding student loan balance paid for attendance at an institution of~~  
33 ~~higher education where such resident individual earned an associate,~~  
34 ~~bachelor or post-graduate degree under the provisions of this section when~~  
35 ~~such resident individual establishes domicile in a county designated as a~~  
36 ~~rural opportunity zone which participates in the program as provided in~~  
37 ~~subsection (a), on and after the date in which such county commenced~~  
38 ~~such participation, and prior to July 1, 2021-2023 2026. Such resident~~  
39 ~~individual may enroll in this program in a form and manner prescribed by~~  
40 ~~the secretary. Subject to subsection (d), once enrolled such resident~~  
41 ~~individual shall be entitled to full participation in the program for five~~  
42 ~~years, except that if the resident individual relocates outside the rural~~  
43 ~~opportunity zone for which the resident individual first qualified, such~~

1 ~~resident individual forfeits such individual's eligibility to participate, and~~  
2 ~~obligations under this section of the state and the county terminate. No~~  
3 ~~resident individual shall enroll and be eligible to participate in this~~  
4 ~~program after June 30, 2021-2023-2026.~~

5 ~~(d) The provisions of this act shall be subject to appropriation acts.~~  
6 ~~Nothing in this act guarantees a resident individual a right to the benefits~~  
7 ~~provided in this section. The county may continue to participate even if the~~  
8 ~~state does not participate.~~

9 ~~(e) The secretary shall adopt rules and regulations necessary to~~  
10 ~~administer the provisions of this section.~~

11 ~~(f) On January 1, 2012, and annually thereafter until January 1, 2022~~  
12 ~~2024-2027, the secretary of commerce shall report to the senate committee~~  
13 ~~on assessment and taxation and the house of representatives committee on~~  
14 ~~taxation as to how many residents applied for the rural opportunity zone~~  
15 ~~tax credit.~~

16 ~~Sec. 2. 3. K.S.A. 79-32,267 is hereby amended to read as follows: 79-~~  
17 ~~32,267. (a) For taxable years commencing after December 31, 2011, and~~  
18 ~~before January 1, 2022-2024-2027, there shall be allowed as a credit~~  
19 ~~against the tax liability of a resident individual taxpayer an amount equal~~  
20 ~~to the resident individual's income tax liability under the provisions of the~~  
21 ~~Kansas income tax act, when the resident individual:~~

22 ~~(1) (A) Establishes domicile in a rural opportunity zone on or after~~  
23 ~~July 1, 2011, and prior to January 1, 2021-2023-2026, and was domiciled~~  
24 ~~outside this state for five or more years immediately prior to establishing~~  
25 ~~their domicile in a rural opportunity zone in this state;~~

26 ~~(2) (B) had Kansas source income less than \$10,000 in any one year~~  
27 ~~for five or more years immediately prior to establishing their domicile in a~~  
28 ~~rural opportunity zone in this state; and~~

29 ~~(3) (C) was domiciled in a rural opportunity zone during the entire~~  
30 ~~taxable year for which such credit is claimed; or~~

31 ~~(2) (A) establishes domicile in a rural opportunity zone on or after~~  
32 ~~July 1, 2021, and prior to January 1, 2026, and was domiciled in a~~  
33 ~~metropolitan county as defined in K.S.A. 74-50,211, and amendments~~  
34 ~~thereto, immediately prior to establishing their domicile in a rural~~  
35 ~~opportunity zone in this state; and~~

36 ~~(B) was domiciled in a rural opportunity zone during the entire~~  
37 ~~taxable year for which such credit is claimed.~~

38 ~~(b) A resident individual may claim the credit authorized by this~~  
39 ~~section for not more than five consecutive years following establishment~~  
40 ~~of their domicile in a rural opportunity zone.~~

41 ~~(c) The maximum amount of any refund under this section shall be~~  
42 ~~equal to the amount withheld from the resident individual's wages or~~  
43 ~~payments other than wages pursuant to K.S.A. 79-3294 et seq., and~~

1 ~~amendments thereto, or paid by the resident individual as estimated taxes~~  
2 ~~pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.~~

3 ~~(d) No credit shall be allowed under this section if:~~

4 ~~(1) The resident individual's income tax return on which the credit is~~  
5 ~~claimed is not timely filed, including any extension; or~~

6 ~~(2) the resident individual is delinquent in filing any return with, or~~  
7 ~~paying any tax due to, the state of Kansas or any political subdivision~~  
8 ~~thereof.~~

9 ~~(e) This section shall be a part of and supplemental to the Kansas~~  
10 ~~income tax act.~~

11 *{Section 1. K.S.A. 79-32,190 is hereby amended to read as follows:*  
12 *79-32,190. (a) Any taxpayer that pays for or provides child day care*  
13 *services, including the provision of the service of locating such services,*  
14 *to its employees or that provides facilities and necessary equipment for*  
15 *child day care services shall be allowed a credit against the privilege or*  
16 *income tax imposed by articles 11 and 32 of chapter 79 of the Kansas*  
17 *Statutes Annotated, and amendments thereto, as follows:*

18 *(1) ~~Thirty percent~~30% of the total amount expended in the state*  
19 *during the taxable year by a taxpayer for child day care services*  
20 *purchased to provide care for the dependent children of the taxpayer's*  
21 *employees or for the provision of the service of locating such services for*  
22 *such children;*

23 *(2) (A) in the taxable year in which a facility providing child day*  
24 *care services in the state for use primarily by the dependent children of*  
25 *the taxpayer's employees is established, 50% of the total amount*  
26 *expended during such year by a taxpayer in the establishment and*  
27 *operation of such facility;*

28 *(B) in the taxable years other than the taxable year to which*  
29 *paragraph (2)(A) applies, 30% of the amount equal to the total amount*  
30 *expended during the taxable year by a taxpayer for the operation of a*  
31 *facility described in paragraph (2)(A) less the amount of moneys*  
32 *received by the taxpayer for use of such facility for child day care*  
33 *services;*

34 *(3) (A) in the taxable year in which a facility providing child day*  
35 *care services in the state for use primarily by the dependent children of*  
36 *the taxpayers' employees is established in conjunction with one or more*  
37 *other taxpayers, 50% of the total amount expended during such year by*  
38 *a taxpayer in the establishment and operation of such facility;*

39 *(B) in the taxable years other than the taxable year to which*  
40 *paragraph (3)(A) applies, 30% of the amount equal to the total amount*  
41 *expended during the taxable year by a taxpayer for the operation of a*  
42 *facility described in paragraph (3)(A) less the amount of moneys*  
43 *received by the taxpayer for use of such facility for child day care*

1 *services; and*

2 *(4) for all taxable years commencing after December 31, 2020, 50%*  
3 *of the amount equal to the total amount expended during the taxable year*  
4 *by a taxpayer as payments to an organization providing access to*  
5 *available child day care services for the taxpayer's employees.*

6 *(b) No credit shall be allowed under this section unless the child*  
7 *day care facility or provider is licensed or registered pursuant to Kansas*  
8 *law.*

9 *(c) The credit allowed by paragraphs (1), (2)(B) and (3)(B) of*  
10 *subsection (a)(1), (2)(B) and (3)(B) shall not exceed \$30,000 for any*  
11 *taxpayer during any taxable year. The credit allowed by paragraphs (2)*  
12 *(A) and (3)(A) of subsection (a)(2)(A), (3)(A) and (4) shall not exceed*  
13 *\$45,000 for any taxpayer during any taxable year. The amount of the*  
14 *credit which exceeds the tax liability for a taxable year shall be refunded*  
15 *to the taxpayer. If the taxpayer is a corporation having an election in*  
16 *effect under subchapter S of the federal internal revenue code or a*  
17 *partnership, the credit provided by this section shall be claimed by the*  
18 *shareholders of such corporation or the partners of such partnership in*  
19 *the same manner as such shareholders or partners account for their*  
20 *proportionate shares of the income or loss of the corporation or*  
21 *partnership.*

22 *(d) The aggregate amount of credits claimed under this act for any*  
23 *fiscal year shall not exceed \$3,000,000.*

24 *(e) For tax-year years 2013 and all tax years thereafter through 2020,*  
25 *the income tax credit provided by this section shall only be available to*  
26 *taxpayers subject to the income tax on corporations imposed pursuant to*  
27 *subsection (e) of K.S.A. 79-32,110(c), and amendments thereto, and shall*  
28 *be applied only against such taxpayer's corporate income tax liability.*

29 *Sec. 2. K.S.A. 2021 Supp. 74-50,223 is hereby amended to read as*  
30 *follows: 74-50,223. (a) Any county that has been designated a rural*  
31 *opportunity zone pursuant to K.S.A. 74-50,222, and amendments*  
32 *thereto, may participate in the program provided in this section by*  
33 *authorizing such participation by the county commission of such county*  
34 *through a duly enacted written resolution. Such county shall provide a*  
35 *certified copy of such resolution to the secretary of commerce on or*  
36 *before January 1, 2012, for calendar year 2012, or on or before January*  
37 *1 for each calendar year thereafter, in which a county chooses to*  
38 *participate. Such resolution shall obligate the county to participate in*  
39 *the program provided by this section for a period of five years, and shall*  
40 *be irrevocable. Such resolution shall specify the maximum amount of*  
41 *outstanding student loan balance for each resident individual to be*  
42 *repaid as provided in subsection (b), except the maximum amount of*  
43 *such balance shall be \$15,000.*

1       ***(b) If a county submits a resolution as provided in subsection (a),***  
2 ***under the program provided in this section, subject to subsection (d), the***  
3 ***state of Kansas and such county which chooses to participate as***  
4 ***provided in subsection (a), shall agree to pay in equal shares the***  
5 ***outstanding student loan balance of any resident individual who***  
6 ***qualifies to have such individual's student loans repaid under the***  
7 ***provisions of subsection (c) over a five-year period, except that the***  
8 ***maximum amount of such balance shall be \$15,000. The amount of***  
9 ***such repayment shall be equal to 20% of the outstanding student loan***  
10 ***balance of the individual in a year over the five-year repayment period.***  
11 ***The state of Kansas is not obligated to pay the student loan balance of***  
12 ***any resident individual who qualifies pursuant to subsection (c) prior to***  
13 ***the county submitting a resolution to the secretary pursuant to***  
14 ***subsection (a). Each such county shall certify to the secretary that such***  
15 ***county has made the payment required by this subsection.***

16       ***(c) A resident individual shall be entitled to have such individual's***  
17 ***outstanding student loan balance paid for attendance at an institution of***  
18 ***higher education where such resident individual earned an associate,***  
19 ***bachelor or post-graduate degree under the provisions of this section***  
20 ***when such resident individual establishes domicile in a county***  
21 ***designated as a rural opportunity zone which participates in the program***  
22 ***as provided in subsection (a), on and after the date in which such county***  
23 ***commenced such participation, and prior to July 1, ~~2023~~ 2026. Such***  
24 ***resident individual may enroll in this program in a form and manner***  
25 ***prescribed by the secretary. Subject to subsection (d), once enrolled such***  
26 ***resident individual shall be entitled to full participation in the program***  
27 ***for five years, except that if the resident individual relocates outside the***  
28 ***rural opportunity zone for which the resident individual first qualified,***  
29 ***such resident individual forfeits such individual's eligibility to***  
30 ***participate, and obligations under this section of the state and the county***  
31 ***terminate. No resident individual shall enroll and be eligible to***  
32 ***participate in this program after June 30, ~~2023~~ 2026.***

33       ***(d) The provisions of this act shall be subject to appropriation acts.***  
34 ***Nothing in this act guarantees a resident individual a right to the***  
35 ***benefits provided in this section. The county may continue to participate***  
36 ***even if the state does not participate.***

37       ***(e) The secretary shall adopt rules and regulations necessary to***  
38 ***administer the provisions of this section.***

39       ***(f) On January 1, 2012, and annually thereafter until January 1,***  
40 ***~~2024~~ 2027, the secretary of commerce shall report to the senate***  
41 ***committee on assessment and taxation and the house of representatives***  
42 ***committee on taxation as to how many residents applied for the rural***  
43 ***opportunity zone tax credit.***

1       **Sec. 3. K.S.A. 2021 Supp. 79-32,267 is hereby amended to read as**  
2 **follows: 79-32,267. (a) For taxable years commencing after December**  
3 **31, 2011, and before January 1, 2024 2027, there shall be allowed as a**  
4 **credit against the tax liability of a resident individual taxpayer an**  
5 **amount equal to the resident individual's income tax liability under the**  
6 **provisions of the Kansas income tax act, when the resident individual:**

7       **(1) (A) Establishes domicile in a rural opportunity zone on or after**  
8 **July 1, 2011, and prior to January 1, 2023 2026, and was domiciled**  
9 **outside this state for five or more years immediately prior to establishing**  
10 **their domicile in a rural opportunity zone in this state;**

11       ~~(2)(B)~~ **(B) had Kansas source income less than \$10,000 in any one year**  
12 **for five or more years immediately prior to establishing their domicile in**  
13 **a rural opportunity zone in this state; and**

14       ~~(3)(C)~~ **(C) was domiciled in a rural opportunity zone during the entire**  
15 **taxable year for which such credit is claimed; or**

16       **(2) (A) establishes domicile in a rural opportunity zone on or after**  
17 **July 1, 2021, and prior to January 1, 2026, and was domiciled in a**  
18 **metropolitan county as defined in K.S.A. 75-50,211, and amendments**  
19 **thereto, immediately prior to establishing their domicile in a rural**  
20 **opportunity zone in this state; and**

21       **(B) was domiciled in a rural opportunity zone during the entire**  
22 **taxable year for which such credit is claimed.**

23       **(b) A resident individual may claim the credit authorized by this**  
24 **section for not more than five consecutive years following establishment**  
25 **of their domicile in a rural opportunity zone.**

26       **(c) The maximum amount of any refund under this section shall be**  
27 **equal to the amount withheld from the resident individual's wages or**  
28 **payments other than wages pursuant to K.S.A. 79-3294 et seq., and**  
29 **amendments thereto, or paid by the resident individual as estimated**  
30 **taxes pursuant to K.S.A. 79-32,101 et seq., and amendments thereto.**

31       **(d) No credit shall be allowed under this section if:**

32       **(1) The resident individual's income tax return on which the credit**  
33 **is claimed is not timely filed, including any extension; or**

34       **(2) the resident individual is delinquent in filing any return with, or**  
35 **paying any tax due to, the state of Kansas or any political subdivision**  
36 **thereof.**

37       **(e) This section shall be a part of and supplemental to the Kansas**  
38 **income tax act.}**

39       ~~Sec. 3. 4. K.S.A. 74-50,222, 74-50,223 and 79-32,267; K.S.A. 79-~~  
40 ~~32,190 and K.S.A. 2021 Supp. 74-50,223 and 79-32,267} are hereby~~  
41 ~~repealed.~~

42       ~~Sec. 4. 5.~~ This act shall take effect and be in force from and after its  
43 publication in the statute book.